GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:537
ANSWERED ON:20.02.2003
POWER REFORM
JAI PRAKASH

Will the Minister of POWER be pleased to state:

(a) whether all the Chief Ministers in the country had assured the Prime Ministerduring a meeting held two years ago in Delhi regarding carrying out definite power reforms;

(b) whether the States have not made any efforts to improve the power situation despite their assurances;

(c) if so, the reasons therefor; and

(d) the steps being taken by the Union Government in this regard keeping in view the repeated grid failures etc.?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : The Conference of the Chief Ministers/Power Ministers held in March2001 took note of the challenges confronting the power sector. It was agreed that there is an urgent need to depoliticise the power sector reforms and speed up their implementation.

As a follow up of the resolution adopted in the Conference, the Government ofIndia signed Memorandum of Understanding (MOUs) with States for undertaking reforms in a time bound manner. These MOUs require the States to set up StateElectricity Regulatory Commissions (SERCs), undertake energy audit through fullmetering, reduce transmission and distribution losses and attain commercial viability. In reciprocation to the efforts of the States to achieve agreed milestones, the Central Government has committed assistance including allocation of additional power from unallocated share from Central Generating Stations, funds under specific programmes/schemes etc. The MoUs are now being fleshed out into MoAs with clearerand more specific milestones as the reform programme in the State is acquiring concrete shape. 25 States have been covered by this exercise till now.

As per the resolution of the Chief Ministers/Power Ministers Conferenceheld in March, 2001 an Expert Group was set up to recommend one time settlement of all power sector past dues. Based on the recommendations of the Expert Group, theGovernment of India has recently approved a scheme for securitisation of dues owed by the SEBs to CPSUs. With the securitisation of past dues by the State Government and the creation of the discipline of full payment for current supplies, the raising of the requisite resources from the market for the ambitious capacity addition programme of the CPSUswould become feasible. The State Governments can also use this to give their power utilities clean balance sheets to enable them to fully access markets for funds to finance their investment programmes. So far 22 States have signed tripartite agreements in this regard.

States of Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh, Rajasthan,Madhya Pradesh and Delhi have passed their own Reform Laws and unbundled their SEBs.

So far 22 States have either constituted or notified constitution of SERCs. 13SERCs have passed tariff orders which reflect the trend towards tariff rationalization. 7 States (Andhra Pradesh, Karnataka, Uttar Pradesh, Madhya Pradesh, West Bengal,Maharashtra and Kerala) have passed anti-theft laws. Gujarat has drafted its anti-theft law.

To improve the power supply position in the country, the following steps have been/are being taken to improve the generation and availability of power in the country:

(i) A capacity addition of 41,110 MW has been targeted for 10th Five Year Plan.

(ii) Early stabilization of newly commissioned units and overall increase in PLF of thermal units.

(iii) Strengthening/Augmentation of sub-transmission and distribution systems. Funds are being provided for undertaking schemes for transmission and distribution systems to States under the Accelerated Power Development and Reforms Programme.

(iv) Demand Side Management and promoting energy efficiency and conservation measures.

(v) Disbursement of loans with interest subsidy by the Power FinanceCorporation for renovation and modernisation of old and

inefficient generating units.

(vi) Enhancement of inter-State and inter-regional power transfer bystrengthening of inter-regional transmission links and finally formation of National Grid.

(vii) Enforcing the grid discipline through Availability Based Tariff (ABT) regime.